

Participation in demand side response

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Arla Foods Ltd

Leading the way...

Arla Foods



- **The Arla Foods Group is the second largest Dairy company in Europe.**
- **Arla Foods UK Ltd is the largest Dairy company in the UK.**
- **Processing more than 2 billion Litres of milk per year in the UK alone.**
- **Leading own label supplier to the supermarkets.**
- **Operating out of 12 Dairies & 12 Distribution Centres across the UK.**
- **Spending in excess of £30 Million on Utilities (Gas, Power & Fuels).**

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Leading the way...

The markets have gone crazy!



- **Up to 50% increases in annual fixed contracts YOY.**
- **High levels of volatility.**
- **Detachment of forward & prompt markets.**
- **Crude Oil!**

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How can these cost be mitigated?

- **Moving to more flexible ways of purchasing.**
- **Keeping close to the market**
- **Considering renewables**
- **Energy Management**
- **Investment in more efficient equipment**
- **Demand Management**
- **Demand Side Response**

Overcoming obstacles



- **Internal resistance to change.**
- **Top down buy-in.**
- **Risk assessment across sites.**
- **Ensuring fuel supply contracts in place.**

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Putting the tools in place



- **Supply contracts tailored to incorporate DSR.**
- **Back up tanks on standby.**
- **Lines of communication in place.**
- **Dry run to test readiness.**
- **E-mail alerts of DA closing price.**
- **Cost of replacement fuel.**

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Reaping the benefits



- **Known cap on daily costs.**
- **Levelling out sharp spikes in volatility.**
- **Helping to reduce overall market demand.**
- **Quicker response times if interrupted by National Grid Gas.**

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Other considerations



- **The environment.**
- **Possible breach of PPC permits.**
- **Cost of replacement fuel.**
- **Possible inefficiencies.**
- **Reduction in demand up to maximum of 70%.**

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Conclusions



- **Useful tool as part of an energy diverse strategy.**
- **Short term solution.**
- **Market stabilising effect.**
- **Requirement for more I & C consumers to participate.**

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